

House Amendment 8626

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1 1 Amend Senate File 2424, as passed by the Senate, as
1 2 follows:
1 3 #1. By striking everything after the enacting
1 4 clause and inserting the following:
1 5 <DIVISION I
1 6 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,
1 7 ACCIDENT, AND DISABILITY SYSTEM
1 8 Section 1. Section 97A.1, subsection 14, Code
1 9 2007, is amended by striking the subsection.
1 10 Sec. 2. Section 97A.1, subsection 15, Code 2007,
1 11 is amended to read as follows:
1 12 15. "Pensions" shall mean annual payments for life
1 13 derived from the appropriations provided by the state
1 14 of Iowa and from contributions of the members which
1 15 are deposited in the pension accumulation retirement
1 16 fund. All pensions shall be paid in equal monthly
1 17 installments.
1 18 Sec. 3. Section 97A.5, subsections 3 and 4, Code
1 19 2007, are amended to read as follows:
1 20 3. COMPENSATION. The trustees shall serve as such
1 21 without compensation, but they shall be reimbursed
1 22 from the expense retirement fund for all necessary
1 23 expenses which they may incur through service on the
1 24 board.
1 25 4. RULES. The board of trustees shall, from time
1 26 to time, establish such rules not inconsistent with
1 27 this chapter, for the administration of funds the
1 28 system and the retirement fund created by this chapter
1 29 and as may be necessary or appropriate for the
1 30 transaction of its business.
1 31 Sec. 4. Section 97A.5, subsection 6, paragraph a,
1 32 Code 2007, is amended to read as follows:
1 33 a. The department of public safety shall keep in
1 34 convenient form the data necessary for the actuarial
1 35 valuation of the various funds of the system and for
1 36 checking the expense of the system. The commissioner
1 37 of public safety shall keep a record of all the acts
1 38 and proceedings of the board, which records shall be
1 39 open to public inspection. The board of trustees
1 40 shall biennially make a report to the general assembly
1 41 showing the fiscal transactions of the system for the
1 42 preceding biennium, the amount of the accumulated cash
1 43 and securities of the system, and the last balance
1 44 sheet showing the financial condition of the system by
1 45 means of an actuarial valuation of the assets and
1 46 liabilities of the system.
1 47 Sec. 5. Section 97A.5, subsections 8, 9, 11, and
1 48 12, Code 2007, are amended to read as follows:
1 49 8. MEDICAL BOARD. The board of trustees shall
1 50 designate a single medical provider network as the
2 1 medical board to be composed of three physicians who
2 2 for the system. The medical board shall arrange for
2 3 and pass upon the all medical examinations required
2 4 under the provisions of this chapter and shall report
2 5 in writing to the board of trustees, its conclusions
2 6 and recommendations upon all matters duly referred to
2 7 it. For examinations required because of disability,
2 8 a physician from the medical board specializing in
2 9 occupational medicine, and a second physician
2 10 specializing in an appropriate field of medicine as
2 11 determined by the occupational medicine physician,
2 12 shall pass upon the medical examinations required for
2 13 disability retirements and shall report to the system
2 14 in writing their conclusions and recommendations upon
2 15 all matters referred to the medical board. Each
2 16 report of a medical examination under section 97A.6,
2 17 subsections 3 and 5, shall include the medical board's
2 18 findings in accordance with section 97A.6 as to the
2 19 extent of the member's physical impairment.
2 20 9. DUTIES OF ACTUARY. The actuary hired by the
2 21 board of trustees shall be the technical advisor of
2 22 the board of trustees on matters regarding the
2 23 operation of the funds retirement fund created by the
2 24 provisions of this chapter and shall perform such

2 25 other duties as are required in connection therewith.
2 26 11. ACTUARIAL INVESTIGATION. At least once in
2 27 each two-year period, the actuary hired by the board
2 28 of trustees shall make an actuarial investigation in
2 29 the mortality, service, and compensation experience of
2 30 the members and beneficiaries of the system, and the
2 31 interest and other earnings on the moneys and other
2 32 assets of the system, and shall make a valuation of
2 33 the assets and liabilities of the ~~funds retirement~~
2 34 ~~fund~~ of the system, and taking into account the
2 35 results of the investigation and valuation, the board
2 36 of trustees shall+

2 37 ~~a. Adopt~~ adopt for the system, upon recommendation
2 38 of the system's actuary, such actuarial methods and
2 39 assumptions, interest rate, and mortality and other
2 40 tables as shall be deemed necessary+

2 41 ~~b. Certify the rates of contribution payable by~~
2 42 ~~the state of Iowa in accordance with section 97A.8 to~~
2 43 ~~conduct the actuarial valuation of the system.~~

2 44 12. ANNUAL ACTUARIAL VALUATION.

2 45 On the basis of the actuarial methods and
2 46 assumptions, rate of interest, and tables adopted by
2 47 the board of trustees, the actuary hired by the board
2 48 of trustees shall make an annual actuarial valuation
2 49 of the assets and liabilities of the ~~funds of the~~
2 50 ~~system retirement fund~~ created by this chapter. As a
3 1 result of the annual actuarial valuation, the board of
3 2 trustees shall certify the rates of contribution
3 3 payable by the state of Iowa in accordance with
3 4 section 97A.8.

3 5 Sec. 6. Section 97A.5, subsection 13, paragraphs
3 6 b, c, and d, Code 2007, are amended to read as
3 7 follows:

3 8 b. The ~~funds retirement fund~~ established in
3 9 section 97A.8 shall be held in trust for the benefit
3 10 of the members of the system and the members'
3 11 beneficiaries. No part of the corpus or income of the
3 12 ~~funds retirement fund~~ shall be used for, or diverted
3 13 to, purposes other than for the exclusive benefit of
3 14 the members or the members' beneficiaries or for
3 15 expenses incurred in the operation of the ~~funds~~
3 16 ~~retirement fund~~. A person shall not have any interest
3 17 in, or right to, any part of the corpus or income of
3 18 the ~~funds retirement fund~~ except as otherwise
3 19 expressly provided.

3 20 c. Notwithstanding any provision of this chapter
3 21 to the contrary, in the event of a complete
3 22 discontinuance of contributions, for reasons other
3 23 than achieving fully funded status upon an actuarially
3 24 determined basis, or upon termination of the ~~funds~~
3 25 ~~retirement fund~~ established in section 97A.8, a member
3 26 shall be vested, to the extent then funded, in the
3 27 benefits which the member has accrued at the date of
3 28 the discontinuance or termination.

3 29 d. Benefits payable from the ~~funds retirement fund~~
3 30 established in section 97A.8 to members and members'
3 31 beneficiaries shall not be increased due to
3 32 forfeitures from other members. Forfeitures shall be
3 33 used as soon as possible to reduce future
3 34 contributions by the state to the ~~pension accumulation~~
3 35 ~~retirement~~ fund, except that the rate shall not be
3 36 less than the minimum rate established in section
3 37 97A.8.

3 38 Sec. 7. Section 97A.5, subsection 14, Code 2007,
3 39 is amended to read as follows:

3 40 14. INVESTMENT CONTRACTS. The board of trustees
3 41 may execute contracts and agreements with investment
3 42 advisors, consultants, and investment management and
3 43 benefit consultant firms in the administration of the
3 44 ~~funds retirement fund~~ established in section 97A.8.

3 45 Sec. 8. Section 97A.6, subsection 7, Code 2007, is
3 46 amended by adding the following new paragraph:

3 47 NEW PARAGRAPH. d. Should a disability beneficiary
3 48 under age fifty-five be employed in a public safety
3 49 occupation, the disability beneficiary's retirement
3 50 allowance shall cease. Notwithstanding any provision
4 1 of this chapter to the contrary, if a disability
4 2 beneficiary is employed in a public safety occupation
4 3 that would otherwise constitute membership service,
4 4 the disability beneficiary shall not become a member
4 5 of the system. For purposes of this paragraph,

4 6 "public safety occupation" means a peace officer, as
4 7 defined in section 97A.1; a protection occupation, as
4 8 defined in section 97B.49B; a sheriff or deputy
4 9 sheriff as defined in section 97B.49C; and a police
4 10 officer or fire fighter as defined in section 411.1,
4 11 who was not restored to active service as provided by
4 12 this subsection.

4 13 Sec. 9. Section 97A.6, subsection 11, Code 2007,
4 14 is amended to read as follows:

4 15 11. PENSIONS OFFSET BY COMPENSATION BENEFITS. Any
4 16 amounts which may be paid or payable by the state
4 17 under the provisions of any workers' compensation or
4 18 similar law to a member or to the dependents of a
4 19 member on account of any disability or death, shall be
4 20 offset against and payable in lieu of any benefits
4 21 payable out of ~~funds~~ the retirement fund provided by
4 22 the state under the provisions of this chapter on
4 23 account of the same disability or death. In case the
4 24 present value of the total commuted benefits under
4 25 said workers' compensation or similar law is less than
4 26 the ~~pension reserve on present value of~~ the benefits
4 27 otherwise payable from ~~funds~~ the retirement fund
4 28 provided by the state under this chapter, then the
4 29 present value of the commuted payments shall be
4 30 deducted from the pension ~~reserve payable~~ and such
4 31 benefits as may be provided by the ~~pension reserve~~
4 32 system so reduced shall be payable under the
4 33 provisions of this chapter.

4 34 Sec. 10. Section 97A.7, subsections 1, 2, and 3,
4 35 Code Supplement 2007, are amended to read as follows:

4 36 1. The board of trustees shall be the trustees of
4 37 the ~~several funds~~ retirement fund created by this
4 38 chapter as provided in section 97A.8 and shall have
4 39 full power to invest and reinvest ~~such~~ funds subject
4 40 to the terms, conditions, limitations, and
4 41 restrictions imposed by subsection 2 of this section
4 42 and chapter 12F, and subject to like terms,
4 43 conditions, limitations, and restrictions said
4 44 trustees shall have full power to hold, purchase,
4 45 sell, assign, transfer, or dispose of any of the
4 46 securities and investments ~~in which any of the funds~~
4 47 ~~created herein shall~~ retirement fund which have been
4 48 invested, as well as of the proceeds of said
4 49 investments and any moneys belonging to ~~said funds~~ the
4 50 retirement fund. The board of trustees may authorize
5 1 the treasurer of state to exercise any of the duties
5 2 of this section. When so authorized the treasurer of
5 3 state shall report any transactions to the board of
5 4 trustees at its next monthly meeting.

5 5 2. The ~~several funds~~ retirement fund created by
5 6 this chapter may be invested in any investments
5 7 authorized for the Iowa public employees' retirement
5 8 system in section 97B.7A.

5 9 3. The treasurer of the state shall be the
5 10 custodian of the ~~several funds~~ retirement fund. All
5 11 payments from ~~said funds~~ the retirement fund shall be
5 12 made by the treasurer only upon vouchers signed by two
5 13 persons designated by the board of trustees. A duly
5 14 attested copy of the resolution of the board of
5 15 trustees designating such persons and bearing on its
5 16 face specimen signatures of such persons shall be
5 17 filed with the treasurer of state as the treasurer's
5 18 authority for making payments on such vouchers. No
5 19 voucher shall be drawn unless it shall previously have
5 20 been allowed by resolution of the board of trustees.

5 21 Sec. 11. Section 97A.8, Code 2007, is amended to
5 22 read as follows:

5 23 97A.8 METHOD OF FINANCING.
5 24 There is hereby created as a special fund, separate
5 25 and apart from all other public moneys or funds of
5 26 this state, the peace officers' retirement, accident,
5 27 and disability system retirement fund, hereafter
5 28 called the "retirement fund". All the assets of the
5 29 system created and established by this chapter shall
5 30 be credited according to the purpose for which they
5 31 are held to one of three funds, namely, the pension
5 32 accumulation fund, the pension reserve fund, and the
5 33 expense to the retirement fund.

5 34 1. ~~PENSION ACCUMULATION FUND.~~ The pension
5 35 ~~accumulation fund shall be the fund in which shall be~~
5 36 ~~accumulated all~~ All moneys for the payment of all

5 37 pensions and other benefits payable from contributions
5 38 made by the state and from which shall be paid the
5 39 lump-sum death benefits for all members payable from
5 40 the said contributions shall be accumulated in the
5 41 retirement fund. The refunds and benefits for all
5 42 members and beneficiaries shall be payable from the
5 43 retirement fund. Contributions to and payments from
5 44 the pension accumulation retirement fund shall be as
5 45 follows:

5 46 a. On account of each member there shall be paid
5 47 annually into the pension accumulation retirement fund
5 48 by the state of Iowa an amount equal to a certain
5 49 percentage of the earnable compensation of the member
5 50 to be known as the "normal contribution". The rate
6 1 percent of such contribution shall be fixed on the
6 2 basis of the liabilities of the retirement system as
6 3 shown by annual actuarial valuations.

6 4 b. (1) On the basis of the actuarial methods and
6 5 assumptions, rate of interest, and of the mortality,
6 6 interest, and other tables adopted by the board of
6 7 trustees, the board of trustees, upon the advice of
6 8 the actuary hired by the board for that purpose, shall
6 9 make each valuation required by this chapter pursuant
6 10 to the requirements of section 97A.5 and shall
6 11 immediately after making such valuation, determine the
6 12 "normal contribution rate". The normal contribution
6 13 rate shall be the rate percent of the earnable
6 14 compensation of all members obtained by deducting from
6 15 the total liabilities of the fund the sum of the
6 16 amount of the funds in hand to the credit of the fund
6 17 and dividing the remainder by one percent of the
6 18 present value of the prospective future compensation
6 19 of all members as computed on the basis of the rate of
6 20 interest and of mortality and service tables adopted
6 21 by the board of trustees, all equal to the rate
6 22 required by the system to discharge its liabilities,
6 23 stated as a percentage of the earnable compensation of
6 24 all members, and reduced by the employee contribution
6 25 made pursuant to rate provided in this subsection.

6 26 However, the normal rate of contribution shall not be
6 27 less than seventeen percent. ~~The normal rate of~~
6 28 ~~contribution shall be determined by the board of~~
6 29 ~~trustees after each valuation. To assist in~~
6 30 ~~determining the normal rate of contribution, the board~~
6 31 ~~of trustees may adopt a smoothing method for valuing~~
6 32 ~~the assets of the system. The smoothing method is~~
6 33 ~~designed to reduce changes in the normal contribution~~
6 34 ~~rate which could result from fluctuations in the~~
6 35 ~~market value of the assets of the system.~~

6 36 (2) Notwithstanding the provisions of subparagraph
6 37 (1) to the contrary, the normal contribution rate
6 38 shall be as follows:

6 39 (a) For the fiscal year beginning July 1, 2008,
6 40 nineteen percent.

6 41 (b) For the fiscal year beginning July 1, 2009,
6 42 twenty=one percent.

6 43 (c) For the fiscal year beginning July 1, 2010,
6 44 twenty=three percent.

6 45 (d) For the fiscal year beginning July 1, 2011,
6 46 twenty=five percent.

6 47 (e) For each fiscal year beginning on or after
6 48 July 1, 2012, the lesser of twenty=seven percent or
6 49 the normal contribution rate as calculated pursuant to
6 50 subparagraph (1).

7 1 c. The total amount payable in each year to the
7 2 pension accumulation retirement fund shall not be less
7 3 than the rate percent known as the normal contribution
7 4 rate of the total compensation earnable by all members
7 5 during the year. However, the aggregate payment by
7 6 the state shall be sufficient when combined with the
7 7 amount in the retirement fund to provide the pensions
7 8 and other benefits payable out of the retirement fund
7 9 during the then current year.

7 10 d. All lump-sum death benefits on account of death
7 11 in active service payable from contributions of the
7 12 state shall be paid from the pension accumulation
7 13 retirement fund.

7 14 e. ~~Upon the retirement or death of a member an~~
7 15 ~~amount equal to the pension reserve on any pension~~
7 16 ~~payable to the member or on account of the member's~~
7 17 ~~death shall be transferred from the pension~~

7 18 ~~accumulation fund to the pension reserve fund.~~

7 19 ~~f. e.~~ Except as otherwise provided in paragraph
7 20 ~~"h" "g":~~

7 21 (1) An amount equal to three and one-tenth percent
7 22 of each member's compensation from the earnable
7 23 compensation of the member shall be paid to the
7 24 ~~pension accumulation retirement~~ fund for the fiscal
7 25 year beginning July 1, 1989.

7 26 (2) An amount equal to four and one-tenth percent
7 27 of each member's compensation from the earnable
7 28 compensation of the member shall be paid to the
7 29 ~~pension accumulation retirement~~ fund for the fiscal
7 30 year beginning July 1, 1990.

7 31 (3) An amount equal to five and one-tenth percent
7 32 of each member's compensation from the earnable
7 33 compensation of the member shall be paid to the
7 34 ~~pension accumulation retirement~~ fund for the fiscal
7 35 year beginning July 1, 1991.

7 36 (4) An amount equal to six and one-tenth percent
7 37 of each member's compensation from the earnable
7 38 compensation of the member shall be paid to the
7 39 ~~pension accumulation retirement~~ fund for the fiscal
7 40 year beginning July 1, 1992.

7 41 (5) An amount equal to seven and one-tenth percent
7 42 of each member's compensation from the earnable
7 43 compensation of the member shall be paid to the
7 44 ~~pension accumulation retirement~~ fund for the fiscal
7 45 year beginning July 1, 1993.

7 46 (6) An amount equal to eight and one-tenth percent
7 47 of each member's compensation from the earnable
7 48 compensation of the member shall be paid to the
7 49 ~~pension accumulation retirement~~ fund for the fiscal
7 50 period beginning July 1, 1994, through December 31,
8 1 1994, and an amount equal to eight and thirty-five
8 2 hundredths percent of each member's compensation from
8 3 the earnable compensation of the member shall be paid
8 4 to the ~~pension accumulation retirement~~ fund for the
8 5 fiscal period beginning January 1, 1995, through June
8 6 30, 1995.

8 7 (7) An amount equal to nine and thirty-five
8 8 hundredths percent of each member's compensation from
8 9 the earnable compensation of the member shall be paid
8 10 to the ~~pension accumulation retirement~~ fund for the
8 11 fiscal year beginning July 1, 1995.

8 12 (8) Notwithstanding any other provision of this
8 13 chapter, beginning July 1, 1996, and each fiscal year
8 14 thereafter, an amount equal to the member's
8 15 contribution rate times each member's compensation
8 16 shall be paid to the ~~pension accumulation retirement~~
8 17 fund from the earnable compensation of the member.
8 18 For the purposes of this subparagraph, the member's
8 19 contribution rate shall be nine and thirty-five
8 20 hundredths percent. However, the system shall
8 21 increase the member's contribution rate as necessary
8 22 to cover any increase in cost to the system resulting
8 23 from statutory changes which are enacted by any
8 24 session of the general assembly meeting after January
8 25 1, 1995, if the increase cannot be absorbed within the
8 26 contribution rates otherwise established pursuant to
8 27 this paragraph, but subject to a maximum employee
8 28 contribution rate of eleven and three-tenths percent.
8 29 After the employee contribution reaches eleven and
8 30 three-tenths percent, sixty percent of the additional
8 31 cost of such statutory changes shall be paid by the
8 32 employer under paragraph "c" and forty percent of the
8 33 additional cost shall be paid by employees under this
8 34 ~~paragraph subparagraph (8).~~

8 35 ~~g. f.~~ The board of trustees shall certify to the
8 36 director of the department of administrative services
8 37 and the director of the department of administrative
8 38 services shall cause to be deducted from the earnable
8 39 compensation of each member the contribution required
8 40 under this subsection and shall forward the
8 41 contributions to the board of trustees for recording
8 42 and for deposit in the ~~pension accumulation retirement~~
8 43 fund.

8 44 The deductions provided for under this subsection
8 45 shall be made notwithstanding that the minimum
8 46 compensation provided by law for any member is
8 47 reduced. Every member is deemed to consent to the
8 48 deductions made under this section.

8 49 ~~h. g.~~ Notwithstanding the provisions of paragraph
8 50 ~~"f" "e"~~, the following transition percentages apply to
9 1 members' contributions as specified:

9 2 (1) For members who on July 1, 1990, have attained
9 3 the age of forty-nine years or more, an amount equal
9 4 to nine and one-tenth percent of each member's
9 5 compensation from the earnable compensation of the
9 6 member shall be paid to the ~~pension accumulation~~
9 7 ~~retirement~~ fund for the fiscal period beginning July
9 8 1, 1990, through October 15, 1992, and commencing
9 9 October 16, 1992, and for each subsequent fiscal
9 10 period, the rates specified in paragraph ~~"f" "e"~~,
9 11 subparagraphs (4) through (8), shall apply.

9 12 (2) For members who on July 1, 1990, have attained
9 13 the age of forty-eight years but have not attained the
9 14 age of forty-nine years, an amount equal to eight and
9 15 one-tenth percent shall be paid for the fiscal year
9 16 beginning July 1, 1990, and an amount equal to nine
9 17 and one-tenth percent shall be paid for the fiscal
9 18 period beginning July 1, 1991, through October 15,
9 19 1992, and commencing October 16, 1992, and for each
9 20 subsequent fiscal period, the rates specified in
9 21 paragraph ~~"f" "e"~~, subparagraphs (4) through (8),
9 22 shall apply.

9 23 (3) For members who on July 1, 1990, have attained
9 24 the age of forty-seven years but have not attained the
9 25 age of forty-eight years, an amount equal to seven and
9 26 one-tenth percent shall be paid for the fiscal year
9 27 beginning July 1, 1990, an amount equal to eight and
9 28 one-tenth percent shall be paid for the fiscal year
9 29 beginning July 1, 1991, and an amount equal to nine
9 30 and one-tenth percent shall be paid for the fiscal
9 31 period beginning July 1, 1992, through October 15,
9 32 1992, and commencing October 16, 1992, and for each
9 33 subsequent fiscal period, the rates specified in
9 34 paragraph ~~"f" "e"~~, subparagraphs (4) through (8),
9 35 shall apply.

9 36 (4) For members who on July 1, 1990, have attained
9 37 the age of forty-six years but have not attained the
9 38 age of forty-seven years, an amount equal to six and
9 39 one-tenth percent shall be paid for the fiscal year
9 40 beginning July 1, 1990, an amount equal to seven and
9 41 one-tenth percent shall be paid for the fiscal year
9 42 beginning July 1, 1991, an amount equal to eight and
9 43 one-tenth percent shall be paid for the fiscal period
9 44 beginning July 1, 1992, through October 15, 1992, and
9 45 commencing October 16, 1992, and for each subsequent
9 46 fiscal period, the rates specified in paragraph ~~"f"~~
9 47 ~~"e"~~, subparagraphs (4) through (8), shall apply.

9 48 (5) For members who on July 1, 1990, have attained
9 49 the age of forty-five years but have not attained the
9 50 age of forty-six years, an amount equal to five and
10 1 one-tenth percent shall be paid for the fiscal year
10 2 beginning July 1, 1990, an amount equal to six and
10 3 one-tenth percent shall be paid for the fiscal year
10 4 beginning July 1, 1991, and an amount equal to seven
10 5 and one-tenth percent shall be paid for the fiscal
10 6 period beginning July 1, 1992, through October 15,
10 7 1992. Commencing October 16, 1992, and for each
10 8 subsequent fiscal period, the rates specified in
10 9 paragraph ~~"f" "e"~~, subparagraphs (4) through (8),
10 10 shall apply.

10 11 ~~i. h.~~ (1) Notwithstanding paragraph ~~"g" "f"~~ or
10 12 other provisions of this chapter, beginning January 1,
10 13 1995, for federal income tax purposes, and beginning
10 14 January 1, 1999, for state income tax purposes, member
10 15 contributions required under paragraph ~~"f" "e"~~ or ~~"h"~~
10 16 ~~"g"~~ which are picked up by the department shall be
10 17 considered employer contributions for federal and
10 18 state income tax purposes, and the department shall
10 19 pick up the member contributions to be made under
10 20 paragraph ~~"f" "e"~~ or ~~"h" "g"~~ by its employees. The
10 21 department shall pick up these contributions by
10 22 reducing the salary of each of its employees covered
10 23 by this chapter by the amount which each employee is
10 24 required to contribute under paragraph ~~"f" "e"~~ or ~~"h"~~
10 25 ~~"g"~~ and shall certify the amount picked up in lieu of
10 26 the member contributions to the department of
10 27 administrative services. The department of
10 28 administrative services shall forward the amount of
10 29 the contributions picked up to the board of trustees

10 30 for recording and deposit in the ~~pension accumulation~~
10 31 retirement fund.
10 32 (2) Member contributions picked up by the
10 33 department under subparagraph (1) shall be treated as
10 34 employer contributions for federal and state income
10 35 tax purposes only and for all other purposes of this
10 36 chapter shall be treated as employee contributions and
10 37 deemed part of the employee's earnable compensation or
10 38 salary.

~~10 39 2. PENSION RESERVE FUND. The pension reserve fund
10 40 shall be the fund in which shall be held the reserves
10 41 on all pensions granted to members or to their
10 42 beneficiaries and from which such pensions and
10 43 benefits in lieu thereof shall be paid. Should a
10 44 beneficiary retired on account of disability be
10 45 restored to active service and again become a member
10 46 of the system, the member's pension reserve shall be
10 47 transferred from the pension reserve fund to the
10 48 pension accumulation fund. Should the pension of a
10 49 disability beneficiary be reduced as a result of an
10 50 increase in the beneficiary's amount earned, the
11 1 amount of the annual reduction in the beneficiary's
11 2 pension shall be paid annually into the pension
11 3 accumulation fund during the period of such reduction.~~

~~11 4 3. 2. a. EXPENSE FUND. The expense fund shall
11 5 be the fund to which shall be credited all money
11 6 provided by the state of Iowa to pay the
11 7 administration expenses of the system and from which
11 8 shall be paid all All the expenses necessary in
11 9 connection with the administration and operation of
11 10 the system shall be paid from the retirement fund.
11 11 Biennially the board of trustees shall estimate the
11 12 amount of money necessary to be paid into the expense
11 13 fund during the ensuing biennium to provide for the
11 14 expense of operation of the system. Investment
11 15 management expenses shall be charged to the investment
11 16 income of the system and there is appropriated from
11 17 the system an amount required for the investment
11 18 management expenses. The board of trustees shall
11 19 report the investment management expenses for the
11 20 fiscal year as a percent of the market value of the
11 21 system.~~

11 22 b. For purposes of this subsection, investment
11 23 management expenses are limited to the following:
11 24 a. (1) Fees for investment advisors, consultants,
11 25 and investment management and benefit consultant firms
11 26 hired by the board of trustees in administering this
11 27 chapter.

11 28 b. (2) Fees and costs for safekeeping fund
11 29 assets.

11 30 c. (3) Costs for performance and compliance
11 31 monitoring, and accounting for fund investments.

11 32 d. (4) Any other costs necessary to prudently
11 33 invest or protect the assets of the fund.

11 34 Sec. 12. Section 97A.11, Code 2007, is amended to
11 35 read as follows:

11 36 97A.11 CONTRIBUTIONS BY THE STATE.

11 37 On or before the first day of November in each
11 38 year, the board of trustees shall certify to the
11 39 director of the department of administrative services
11 40 the amounts which will become due and payable during
11 41 the year next following to the ~~pension accumulation~~
11 42 retirement fund ~~and the expense fund.~~ The amounts so
11 43 certified shall be paid by the director of the
11 44 department of administrative services out of the funds
11 45 appropriated for the Iowa department of public safety,
11 46 to the treasurer of state, the same to be credited to
11 47 the system for the ensuing year.

11 48 Sec. 13. Section 97A.12, Code 2007, is amended to
11 49 read as follows:

11 50 97A.12 EXEMPTION FROM EXECUTION AND OTHER PROCESS
12 1 OR ASSIGNMENT == EXCEPTIONS.

12 2 The right of any person to a pension, annuity, or
12 3 retirement allowance, to the return of contributions,
12 4 the pension, annuity, or retirement allowance itself,
12 5 any optional benefit or death benefit, any other right
12 6 accrued or accruing to any person under this chapter,
12 7 and the moneys in the ~~various funds~~ retirement fund
12 8 created under this chapter, are not subject to
12 9 execution, garnishment, attachment, or any other
12 10 process whatsoever, and are unassignable except for

12 11 the purposes of enforcing child, spousal, or medical
12 12 support obligations or marital property orders, or as
12 13 otherwise specifically provided in this chapter. For
12 14 the purposes of enforcing child, spousal, or medical
12 15 support obligations, the garnishment or attachment of
12 16 or the execution against compensation due a person
12 17 under this chapter shall not exceed the amount
12 18 specified in 15 U.S.C. } 1673(b).

12 19 Sec. 14. Section 97A.14, Code 2007, is amended to
12 20 read as follows:

12 21 97A.14 HOSPITALIZATION AND MEDICAL ATTENTION.

12 22 The board of trustees shall provide hospital,
12 23 nursing, and medical attention for the members in
12 24 service when injured while in the performance of their
12 25 duties and shall continue to provide hospital,
12 26 nursing, and medical attention for injuries or
12 27 diseases incurred while in the performance of their
12 28 duties for the members receiving a retirement
12 29 allowance under section 97A.6, subsection 6. The cost
12 30 of hospital, nursing, and medical attention shall be
12 31 paid out of the ~~expense retirement~~ fund. However, any
12 32 amounts received by the injured person under the
12 33 workers' compensation law of the state, or from any
12 34 other source for such specific purposes, shall be
12 35 deducted from the amount paid by the board of trustees
12 36 provisions of this section.

12 37 Sec. 15. Section 97A.14A, subsection 5, Code 2007,
12 38 is amended to read as follows:

12 39 5. All funds recovered by the system under this
12 40 section shall be deposited in the ~~pension accumulation~~
12 41 ~~retirement~~ fund created in section 97A.8.

12 42 Sec. 16. Section 97A.15, subsection 2, paragraph
12 43 a, Code 2007, is amended to read as follows:

12 44 a. "Accumulated contributions" means the sum of
12 45 all amounts deducted from the compensation of a member
12 46 and credited to the member's individual account in the
12 47 annuity savings fund together with regular interest
12 48 thereon as provided in this subsection. Accumulated
12 49 contributions do not include any amount deducted from
12 50 the compensation of a member and credited to the
13 1 ~~pension accumulation retirement~~ fund.

13 2 Sec. 17. Section 97A.15, subsection 8, Code 2007,
13 3 is amended to read as follows:

13 4 8. The actuary shall annually determine the amount
13 5 required in the annuity reserve fund. If the amount
13 6 required is less than the amount in the annuity
13 7 reserve fund, the board of trustees shall transfer the
13 8 excess funds from the annuity reserve fund to the
13 9 ~~pension accumulation retirement~~ fund. If the amount
13 10 required is more than the amount in the annuity
13 11 reserve fund, the board of trustees shall transfer the
13 12 amount prescribed by the actuary to the annuity
13 13 reserve fund from the ~~pension accumulation retirement~~
13 14 fund.

13 15 DIVISION II

13 16 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

13 17 Sec. 18. Section 97B.1A, subsection 20, paragraph
13 18 a, Code 2007, is amended to read as follows:

13 19 a. Service in the armed forces of the United
13 20 States, if the employee was employed by a covered
13 21 employer immediately prior to entry into the armed
13 22 forces, and if ~~the any of the following requirements~~
13 23 ~~are met:~~

13 24 (1) The employee was released from service and
13 25 returns to covered employment with an employer within
13 26 twelve months of the date on which the employee has
13 27 the right of release from service or within a longer
13 28 period as required by the applicable laws of the
13 29 United States.

13 30 (2) The employee, while serving on active duty in
13 31 the armed forces of the United States in an area
13 32 designated by the president of the United States or
13 33 the United States Congress as a combat zone or as a
13 34 qualified hazardous duty area, or deployed outside the
13 35 United States away from the individual's permanent
13 36 duty station while participating in an operation
13 37 designated by the United States secretary of defense
13 38 as a contingency operation as defined in 10 U.S.C. }
13 39 101(a)(13), or which became such a contingency
13 40 operation by the operation of law, dies, or suffers an
13 41 injury or acquires a disease resulting in death, so

13 42 long as the death from the injury or disease occurs
13 43 within a two-year period from the date the employee
13 44 suffered the active duty injury or disease and the
13 45 active duty injury or disease prevented the employee
13 46 from returning to covered employment as provided in
13 47 subparagraph (1).

13 48 Sec. 19. Section 97B.1A, subsection 26, paragraph
13 49 a, subparagraph (2), subparagraph subdivision (i),
13 50 Code 2007, is amended to read as follows:

14 1 (i) Payments for allowances made to an employee
~~14 2 that are not included in an employee's federal taxable~~
~~14 3 income~~ except for those allowances included as wages
14 4 for a member of the general assembly.

14 5 Sec. 20. Section 97B.1A, subsection 26, paragraph
14 6 a, subparagraph (2), Code 2007, is amended by adding
14 7 the following new subparagraph subdivision:

14 8 NEW SUBPARAGRAPH SUBDIVISION. (n) Bonuses of any
14 9 type, whether paid in a lump sum or in installments.

14 10 Sec. 21. Section 97B.4, subsection 2, Code
14 11 Supplement 2007, is amended by adding the following
14 12 new paragraph:

14 13 NEW PARAGRAPH. d. In administering this chapter,
14 14 the system shall not be a participating agency for
14 15 purposes of chapter 8A, subchapter II.

14 16 Sec. 22. Section 97B.9, subsections 1 and 2, Code
14 17 2007, are amended to read as follows:

14 18 1. An employer shall be charged the greater of ~~ten~~
14 19 twenty dollars per occurrence or interest at the
14 20 combined interest and dividend rate required under
14 21 section 97B.70 for the applicable calendar year for
14 22 contributions unpaid on the date on which they are due
14 23 and payable as prescribed by the system. The system
14 24 may adopt rules prescribing circumstances for which
14 25 the interest or charge shall not accrue with respect
14 26 to contributions required. Interest or charges
14 27 collected pursuant to this section shall be paid into
14 28 the Iowa public employees' retirement fund.

14 29 2. If within thirty days after due notice the
14 30 employer defaults in payment of contributions or
14 31 interest thereon, the amount due ~~shall~~ may be
14 32 collected by civil action in the name of the system,
14 33 and the employer adjudged in default shall pay the
14 34 costs of such action. Civil actions brought under
14 35 this section to collect contributions or interest
14 36 thereon shall be heard by the court at the earliest
14 37 possible date and shall be entitled to preference upon
14 38 the calendar of the court over all other civil
14 39 actions.

14 40 Sec. 23. Section 97B.10, subsection 3, Code 2007,
14 41 is amended to read as follows:

14 42 3. ~~Except as provided in this subsection, interest~~
14 43 Interest shall not be paid on credits issued pursuant
14 44 to this section. However, ~~if a credit for~~
~~14 45 contributions paid prior to an individual's decision~~
~~14 46 to elect out of coverage pursuant to section 97B.42A~~
~~14 47 is issued, accumulated interest and interest on~~
~~14 48 dividends as provided in section 97B.70 shall apply.~~

~~14 49 In addition, the system may, at any time, apply~~
14 50 accumulated interest and interest dividends as
15 1 provided in section 97B.70 on any credits issued under
15 2 this section if the system finds that the crediting of
15 3 interest is just and equitable.

15 4 Sec. 24. Section 97B.14, Code 2007, is amended to
15 5 read as follows:

15 6 97B.14 CONTRIBUTIONS FORWARDED.

15 7 Contributions deducted from the wages of the member
15 8 under section 97B.11 prior to January 1, 1995, member
15 9 contributions picked up by the employer under section
15 10 97B.11A beginning January 1, 1995, and the employer's
15 11 contribution shall be forwarded to the system for
15 12 recording and deposited with the treasurer of the
15 13 state to the credit of the Iowa public employees'
15 14 retirement fund. Contributions shall be remitted
15 15 monthly, ~~if total contributions by both employee and~~
~~15 16 employer amount to one hundred dollars or more each~~
~~15 17 month,~~ and shall be otherwise paid in such manner, at
15 18 such times, and under such conditions, either by
15 19 copies of payrolls or other methods necessary or
15 20 helpful in securing proper identification of the
15 21 member, as may be prescribed by the system.

15 22 Sec. 25. Section 97B.33, Code 2007, is amended to

15 23 read as follows:

15 24 97B.33 ~~CERTIFICATION TO DIRECTOR PAYMENT TO~~

15 25 ~~INDIVIDUALS.~~

15 26 Upon final decision of the system, or upon final
15 27 judgment of any court of competent jurisdiction, that
15 28 any person is entitled to any payment or payments
15 29 under this chapter, the system shall ~~certify to the~~
15 30 ~~director of the department of administrative services~~
15 31 ~~the name and address of the person so entitled to~~
15 32 ~~receive such payment or payments, the amount of such~~
15 33 ~~payment or payments, and the time at which such~~
15 34 ~~payment or payments should be made, and the system,~~
15 35 ~~through the director of the department of~~
15 36 ~~administrative services, shall make payment in~~
15 37 ~~accordance with the certification of the system to the~~
15 38 ~~person, provided that where judicial review of the~~
15 39 ~~system system's decision is or may be sought in~~
15 40 ~~accordance with the terms of the Iowa administrative~~
15 41 ~~procedure Act, chapter 17A, certification of payment~~
15 42 ~~may be withheld pending such review. The director of~~
15 43 ~~the department of administrative services shall not be~~
15 44 ~~held personally liable for any payment or payments~~
15 45 ~~made in accordance with a certification by the system.~~

15 46 Sec. 26. Section 97B.34A, subsections 1 and 2,
15 47 Code 2007, are amended to read as follows:

15 48 1. If the total sum to be paid to the minor is
15 49 less than ~~ten~~ the greater of twenty-five thousand
15 50 dollars or the maximum amount permitted under section
16 1 565B.7, subsection 3, the funds may be paid to an
16 2 adult as custodian for the minor. The custodian must
16 3 complete the proper forms as determined by the system.
16 4 2. If the total sum to be paid to the minor is
16 5 equal to or more than ~~ten thousand dollars~~ the amount
16 6 authorized in subsection 1, the funds must be paid to
16 7 a court-established conservator. The system shall not
16 8 make payment until the conservatorship has been
16 9 established and the system has received the
16 10 appropriate documentation.

16 11 Sec. 27. Section 97B.38, Code 2007, is amended to
16 12 read as follows:

16 13 97B.38 FEES FOR SERVICES.

16 14 The system may, by rule, prescribe reasonable fees
16 15 which may be charged for ~~production costs incurred,~~
16 16 ~~including staff time and materials, associated with~~
16 17 ~~performing to perform~~ its duties under this chapter
16 18 ~~for active, inactive, and retired members,~~
16 19 ~~beneficiaries, and the general public, where such~~
16 20 ~~production costs are more than de minimis, as~~
16 21 ~~determined by the system.~~

16 22 Sec. 28. Section 97B.49B, subsection 1, paragraph
16 23 e, Code 2007, is amended by adding the following new
16 24 subparagraphs:

16 25 NEW SUBPARAGRAPH. (9) A jailer or detention
16 26 officer who performs duties as a jailer, including but
16 27 not limited to the transportation of inmates, who is
16 28 certified as having completed jailer training pursuant
16 29 to chapter 80B, and who is employed by a county as a
16 30 jailer.

16 31 NEW SUBPARAGRAPH. (10) An employee covered by the
16 32 merit system as provided in chapter 8A, subchapter IV,
16 33 whose primary duty is providing security at Iowa
16 34 national guard installations and facilities and who
16 35 carries or is licensed to carry a firearm while
16 36 performing those duties.

16 37 NEW SUBPARAGRAPH. (11) An emergency medical care
16 38 provider who provides emergency medical services, as
16 39 defined in section 147A.1, and who is not a member of
16 40 the retirement systems established in chapter 410 or
16 41 411.

16 42 NEW SUBPARAGRAPH. (12) An investigator employed
16 43 by a county attorney's office who is a certified law
16 44 enforcement officer and who is deputized as an
16 45 investigator for the county attorney's office by the
16 46 sheriff of the applicable county.

16 47 Sec. 29. Section 97B.49F, subsection 1, paragraph
16 48 b, subparagraph (2), subparagraph subdivision (b),
16 49 Code 2007, is amended to read as follows:

16 50 (b) The percentage representing the percentage
17 1 amount the actuary has certified, ~~in the annual~~
17 2 ~~actuarial valuation of the retirement system as of~~
17 3 ~~June 30 of the year in which the dividend is to be~~

~~17 4 paid, that the fund can absorb without requiring an
17 5 increase in the employer and employee contributions to
17 6 the fund. The actuary's certification of such
17 7 percentage amount shall be based on a comparison of
17 8 the actuarially required contribution rate for the
17 9 fiscal year of the dividend adjustment to the
17 10 statutory contribution rate for that same fiscal year.
17 11 If the actuarially required contribution rate exceeds
17 12 the statutory contribution rate for that same fiscal
17 13 year, the percentage amount shall be zero.~~

17 14 Sec. 30. Section 97B.49H, subsection 3, Code 2007,
17 15 is amended to read as follows:

17 16 3. The system shall annually determine the amount
17 17 to be credited to the supplemental accounts of active
17 18 members. The total amount credited to the
17 19 supplemental accounts of all active members shall not
17 20 exceed the amount that the system determines, in
17 21 consultation with the system's actuary, ~~can be~~
~~17 22 absorbed without significantly impacting the funded~~
17 23 ~~status of~~ leaves the system fully funded following the
17 24 crediting of the total amount to the supplemental
17 25 accounts. The amount to be credited shall not be
17 26 greater than the amount calculated by multiplying the
17 27 member's covered wages for the applicable wage
17 28 reporting period by the supplemental rate. For
17 29 purposes of this subsection, the supplemental rate is
17 30 the difference, if positive, between the combined
17 31 employee and employer statutory contribution rates in
17 32 effect under section 97B.11 and the normal cost rate
17 33 of the retirement system as determined by the system's
17 34 actuary in the most recent annual actuarial valuation
17 35 of the retirement system. The credits shall be made
17 36 ~~at least quarterly to each member's account at the~~
17 37 ~~time that covered wages are reported for each wage~~
17 38 ~~reporting period during the calendar year following a~~
17 39 ~~determination that the retirement system does not have~~
17 40 ~~an unfunded accrued liability will remain fully funded~~
17 41 ~~following the crediting of the total amount to the~~
17 42 ~~supplemental accounts. The normal cost rate,~~

17 43 calculated according to the actuarial cost method
17 44 used, is the percent of pay allocated to each year of
17 45 service that is necessary to fund projected benefits
17 46 over all members' service with the retirement system.

17 47 Sec. 31. Section 97B.50, subsection 2, Code 2007,
17 48 is amended by adding the following new paragraph:

17 49 NEW PARAGRAPH. d. For a vested member who retires
17 50 from the retirement system due to disability on or
18 1 after July 1, 2009, and commences receiving disability
18 2 benefits pursuant to the federal Railroad Retirement
18 3 Act, 45 U.S.C. } 231 et seq., or the federal Social
18 4 Security Act, 42 U.S.C. } 423 et seq., the system may
18 5 require the vested member to certify on an annual
18 6 basis continued eligibility for disability payments
18 7 under the federal Railroad Retirement Act or the
18 8 federal Social Security Act. If the vested member is
18 9 under the age at which disability benefits are
18 10 converted under the federal Social Security Act or the
18 11 federal Railroad Retirement Act to retirement benefits
18 12 and is no longer eligible for disability payments
18 13 under either the federal Railroad Retirement Act or
18 14 the federal Social Security Act, the vested member
18 15 shall no longer be eligible to receive retirement
18 16 benefits as provided by this subsection. If the
18 17 system has paid retirement benefits to the member
18 18 between the month the member was no longer eligible
18 19 for payment pursuant to the federal Railroad
18 20 Retirement Act or the federal Social Security Act and
18 21 the month the system terminated retirement benefits
18 22 under this paragraph, the member shall return all
18 23 retirement benefits paid by the system following the
18 24 termination of such federal disability benefits, plus
18 25 interest. The system shall adopt rules pursuant to
18 26 chapter 17A to implement this paragraph.

18 27 Sec. 32. Section 97B.52, subsection 1, paragraph
18 28 a, unnumbered paragraphs 1 and 3, Code 2007, are
18 29 amended to read as follows:

18 30 A lump sum payment equal to the accumulated
18 31 contributions of the member at the date of death plus
18 32 the product of an amount equal to the highest year of
18 33 covered wages of the deceased member and the number of
18 34 years of membership service divided by the applicable

18 35 denominator. ~~However, a lump sum payment made to a~~
18 36 ~~beneficiary under this paragraph due to the death of a~~
18 37 ~~member shall not be less than the amount that would~~
18 38 ~~have been payable on the death of the member on June~~
18 39 ~~30, 1984, under this paragraph as it appeared in the~~
18 40 ~~1983 Code.~~

18 41 ~~Effective July 1, 1978, a method of payment under~~
18 42 ~~this paragraph filed with the system by a member does~~
18 43 ~~not apply.~~

18 44 Sec. 33. Section 97B.53B, Code 2007, is amended to
18 45 read as follows:

18 46 97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.

18 47 1. As used in this section, unless the context
18 48 otherwise requires, and to the extent permitted by the
18 49 internal revenue service:

18 50 a. "Direct rollover" means a payment by the system
19 1 to the eligible retirement plan specified by the
19 2 ~~member or the member's surviving spouse~~ an eligible
19 3 person.

19 4 b. "Eligible person" means any of the following:

19 5 (1) ~~The member.~~

19 6 (2) ~~The member's surviving spouse.~~

19 7 (3) ~~The member's spouse or former spouse as an~~

19 8 ~~alternate payee under a qualified domestic relations~~
19 9 ~~order.~~

19 10 (4) ~~Effective January 1, 2007, the member's~~

19 11 ~~nonspouse beneficiaries who are designated~~

19 12 ~~beneficiaries as defined by section 401(a)(9)(E) of~~

19 13 ~~the federal Internal Revenue Code, as authorized under~~

19 14 ~~section 829 of the federal Pension Protection Act of~~

19 15 ~~2006.~~

19 16 c. "Eligible retirement plan" means ~~either, for an~~
19 17 ~~eligible person, any of the following retirement plans~~

19 18 ~~that accepts can accept an eligible rollover~~

19 19 ~~distribution from a member or a member's surviving~~

19 20 ~~spouse that eligible person:~~

19 21 (1) An individual retirement account in accordance
19 22 with section 408(a) of the federal Internal Revenue
19 23 Code.

19 24 (2) An individual retirement annuity in accordance
19 25 with section 408(b) of the federal Internal Revenue
19 26 Code.

19 27 (3) ~~In addition, an "eligible retirement plan"~~

19 28 ~~includes an An annuity plan in accordance with section~~

19 29 ~~403(a) of the federal Internal Revenue Code, or a~~

19 30 ~~qualified trust in accordance with section 401(a) of~~

19 31 ~~the federal Internal Revenue Code, that accepts an~~

19 32 ~~eligible rollover distribution from a member.~~

19 33 (4) ~~Effective January 1, 2002, the term "eligible~~

19 34 ~~retirement plan" also includes an annuity contract~~

19 35 ~~described in section 403(b) of the federal Internal~~

19 36 ~~Revenue Code, and an eligible plan under section~~

19 37 ~~457(b) of the federal Internal Revenue Code which is~~

19 38 ~~maintained by a state, political subdivision of a~~

19 39 ~~state, or any agency or instrumentality of a state or~~

19 40 ~~political subdivision of a state that chooses to~~

19 41 ~~separately account for amounts transferred into such~~

19 42 ~~eligible retirement plan from the system.~~

19 43 (5) ~~Effective January 1, 2008, a Roth individual~~

19 44 ~~retirement account or a Roth individual retirement~~

19 45 ~~annuity established under section 408A of the Internal~~

19 46 ~~Revenue Code.~~

19 47 e. d. (1) "Eligible rollover distribution"

19 48 includes any of the following:

19 49 (a) All or any portion of a member's account and
19 50 supplemental account.

20 1 (b) Effective January 1, 2002, after-tax employee

20 2 contributions, if the plan to which such amounts are

20 3 to be transferred is an individual retirement account

20 4 described in federal Internal Revenue Code section

20 5 408(a) or 408(b), or is a qualified defined

20 6 contribution plan described in federal Internal

20 7 Revenue Code section 401(a) or 403(a), and such plan

20 8 agrees to separately account for the after-tax amount

20 9 so transferred.

20 10 (c) ~~A distribution made on behalf of a surviving~~

20 11 ~~spouse and to an alternate payee, who is a spouse or~~

20 12 ~~former spouse, under a qualified domestic relations~~

20 13 ~~order. Effective January 1, 2007, after-tax employee~~

20 14 ~~contributions to a qualified defined benefit plan~~

20 15 ~~described in federal Internal Revenue Code section~~

~~20 16 401(a) or 403(a), or a tax-sheltered annuity plan
20 17 described in federal Internal Revenue Code section
20 18 403(b), and such plan agrees to separately account for
20 19 the after-tax amount so transferred.~~

20 20 (2) An eligible rollover distribution does not
20 21 include any of the following:

20 22 (a) A distribution that is one of a series of
20 23 substantially equal periodic payments, which occur
20 24 annually or more frequently, made for the life or life
20 25 expectancy of the distributee or the joint lives or
20 26 joint life expectancies of the distributee and the
20 27 distributee's designated beneficiary, or made for a
20 28 specified period of ten years or more.

20 29 (b) A distribution to the extent that the
20 30 distribution is required pursuant to section 401(a)(9)
20 31 of the federal Internal Revenue Code.

20 32 (c) Prior to January 1, 2002, the portion of any
20 33 distribution that is not includible in the gross
20 34 income of the distributee, determined without regard
20 35 to the exclusion for net unrealized appreciation with
20 36 respect to employer securities.

~~20 37 2. Effective January 1, 1993, a member or a
20 38 member's surviving spouse An eligible person may
20 39 elect, at the time and in the manner prescribed in
20 40 rules adopted by the system and in rules of the
20 41 receiving retirement plan, to have the system pay all
20 42 or a portion of an eligible rollover distribution
20 43 directly to an eligible retirement plan, specified by
20 44 the member or the member's surviving spouse, in a
20 45 direct rollover. However, effective January 1, 2007,
20 46 if the eligible person is a nonspouse beneficiary as
20 47 described in subsection 1, paragraph "b", subparagraph
20 48 (4), the nonspouse beneficiary may only have a direct
20 49 rollover of the distribution to an individual~~

~~20 50 retirement account or annuity as described in
21 1 subsection 1, paragraph "c", subparagraphs (1), (2),
21 2 and (5), established for the purpose of receiving the
21 3 distribution on behalf of the nonspouse beneficiary,
21 4 and such individual retirement account or annuity will
21 5 be treated as an inherited individual retirement
21 6 account or annuity pursuant to section 829 of the
21 7 federal Pension Protection Act of 2006.~~

21 8 Sec. 34. Section 97B.80C, subsection 1, paragraph
21 9 a, Code 2007, is amended to read as follows:

21 10 a. "Nonqualified service" means ~~service that is~~
21 11 ~~not qualified service and includes, but is not limited~~
21 12 ~~to, any of the following:~~

~~21 13 (1) Full-time volunteer public service in the
21 14 federal peace corps program. Service that is not
21 15 qualified service.~~

~~21 16 (2) Public employment comparable to employment
21 17 covered under this chapter in a qualified Canadian
21 18 governmental entity that is an elementary school,
21 19 secondary school, college, or university that is
21 20 organized, administered, and primarily supported by
21 21 the provincial, territorial, or federal governments of
21 22 Canada, or any combination of the same. Any period of
21 23 time for which there was no performance of services.~~

~~21 24 (3) Service as described in subsection 1,
21 25 paragraph "c", subparagraph (2).~~

21 26 Sec. 35. Section 97B.80C, subsection 2, Code 2007,
21 27 is amended to read as follows:

21 28 2. a. A vested or retired member may make
21 29 contributions to the retirement system to purchase up
21 30 to the maximum amount of permissive service credit for
21 31 qualified service as determined by the system,
21 32 pursuant to Internal Revenue Code section 415(n), and
21 33 the requirements of this section, and the system's
21 34 administrative rules.

21 35 b. A vested or retired member of the retirement
21 36 system who has five or more full calendar years of
21 37 covered wages may make contributions to the retirement
21 38 system to purchase up to five years a maximum of
21 39 twenty quarters of permissive service credit for
21 40 nonqualified service as determined by the system,
21 41 pursuant to Internal Revenue Code section 415(n), and
21 42 the requirements of this section, and the system's
21 43 administrative rules. A vested or retired member must
21 44 have at least twenty quarters of covered wages in
21 45 order to purchase permissive service credit for
21 46 nonqualified service.

21 47 c. A vested or retired member may convert regular
21 48 member service credit to special service credit by
21 49 payment of the amount actuarially determined as
21 50 necessary to fund the resulting increase in the
22 1 member's accrued benefit. The conversion shall be
22 2 treated as a purchase of qualified service credit
22 3 subject to the requirements of paragraph "a" if the
22 4 service credit to be converted was or would have been
22 5 for qualified service. The conversion shall be
22 6 treated as a purchase of nonqualified service credit
22 7 subject to the requirements of paragraph "b" if the
22 8 service credit to be converted was purchased as
22 9 nonqualified service credit.

22 10 Sec. 36. Section 97B.82, subsection 2, paragraph
22 11 b, subparagraph (2), subparagraph subdivision (c),
22 12 Code 2007, is amended to read as follows:

22 13 (c) The For rollover service purchases prior to
22 14 January 1, 2007, the portion of any distribution that
22 15 is not includible in the gross income of the
22 16 distributee, determined without regard to the
22 17 exclusion for net unrealized appreciation with respect
22 18 to employer securities.

22 19 For rollover service purchases on or after January
22 20 1, 2007, the portion of any distribution that is not
22 21 includible in the gross income of the distributee,
22 22 determined without regard to the exclusion for net
22 23 unrealized appreciation with respect to employer
22 24 securities, shall be treated as an eligible rollover
22 25 distribution only when such portion is received from a
22 26 qualified plan under section 401(a) or 403(a) of the
22 27 federal Internal Revenue Code.

22 28 Sec. 37. Section 97B.82, subsection 3, Code 2007,
22 29 is amended to read as follows:

22 30 3. A member may purchase any service credit as
22 31 authorized by this section, to the extent permitted by
22 32 the internal revenue service, by means of a direct
22 33 transfer, excluding of pretax amounts, and effective
22 34 January 1, 2007, any after-tax contributions, from an
22 35 annuity contract qualified under federal Internal
22 36 Revenue Code section 403(b), or an eligible plan
22 37 described in federal Internal Revenue Code section
22 38 457(b), maintained by a state, political subdivision
22 39 of a state, or any agency or instrumentality of a
22 40 state or political subdivision of a state. A direct
22 41 transfer is a trustee-to-trustee transfer to the
22 42 retirement system of contributions made to annuity
22 43 contracts qualified under federal Internal Revenue
22 44 Code section 403(b) and eligible governmental plans
22 45 qualified under federal Internal Revenue Code section
22 46 457(b) for purposes of purchasing service credit in
22 47 the retirement system.

22 48 Sec. 38. Section 97B.73B, Code 2007, is repealed.

22 49 Sec. 39. IMPLEMENTATION PROVISION.
22 50 Notwithstanding any provision of section 97B.65 to the
23 1 contrary, the provisions of this division of this Act
23 2 shall be enacted and implemented by the Iowa public
23 3 employees' retirement system upon the effective dates
23 4 provided for the provisions of this division of this
23 5 Act.

23 6 Sec. 40. EFFECTIVE DATES == RETROACTIVE
23 7 APPLICABILITY.

23 8 1. The section of this Act amending section
23 9 97B.53B, being deemed of immediate importance, takes
23 10 effect upon enactment, and, except as otherwise
23 11 stated, is retroactively applicable to January 1,
23 12 2007, and is applicable on and after that date.

23 13 2. The sections of this Act amending section
23 14 97B.82, being deemed of immediate importance, take
23 15 effect upon enactment, and are retroactively
23 16 applicable to January 1, 2007, and are applicable on
23 17 and after that date.

23 18 DIVISION III
23 19 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM
23 20 Sec. 41. NEW SECTION. 411.10 PURCHASE OF SERVICE
23 21 CREDIT FOR MILITARY SERVICE.

23 22 1. An active member of the system who has been a
23 23 member of the retirement system five or more years may
23 24 elect to purchase up to five years of service credit
23 25 for military service, other than military service
23 26 required to be recognized under Internal Revenue Code
23 27 section 414(u) or under the federal Uniformed Services

23 28 Employment and Reemployment Rights Act, that will be
23 29 recognized by the retirement system for purposes of
23 30 calculating a member's benefit, pursuant to Internal
23 31 Revenue Code section 415(n) and the requirements of
23 32 this section.

23 33 2. a. A member seeking to purchase service credit
23 34 pursuant to this section shall file a written
23 35 application with the system requesting an actuarial
23 36 determination of the cost of a purchase of service
23 37 credit. Upon receipt of the cost estimate for the
23 38 purchase of service from the system, the member may
23 39 make contributions to the system in an amount equal to
23 40 the actuarial cost of the service credit purchase.

23 41 b. For purposes of this subsection, the actuarial
23 42 cost of the service credit purchase is an amount
23 43 determined by the system in accordance with actuarial
23 44 tables, as reported to the system by the system's
23 45 actuary, which reflects the actuarial cost necessary
23 46 to fund an increased retirement allowance resulting
23 47 from the purchase of service credit.

23 48 3. The system shall ensure that the member, in
23 49 exercising an option provided in this section, does
23 50 not exceed the amount of annual additions to a
24 1 member's account permitted pursuant to section 415 of
24 2 the federal Internal Revenue Code.

24 3 4. The board of trustees shall adopt rules
24 4 providing for the implementation and administration of
24 5 this section.

24 6 Sec. 42. Section 411.15, Code 2007, is amended to
24 7 read as follows:

24 8 411.15 HOSPITALIZATION AND MEDICAL ATTENTION.

24 9 Cities shall provide hospital, nursing, and medical
24 10 attention for the members of the police and fire
24 11 departments of the cities, when injured while in the
24 12 performance of their duties as members of such
24 13 department, and shall continue to provide hospital,
24 14 nursing, and medical attention for injuries or
24 15 diseases incurred while in the performance of their
24 16 duties for members receiving a retirement allowance
24 17 under section 411.6, subsection 6. Cities may ~~provide~~
24 18 ~~fund the cost of~~ the hospital, nursing, and medical
24 19 attention required by this section through the
24 20 purchase of insurance, by self-insuring the
24 21 obligation, or through payment of moneys into a local
24 22 government risk pool established for the purpose of
24 23 covering the costs associated with the requirements of
24 24 this section. ~~However, the cost of the hospital,~~
24 25 ~~nursing, and medical attention required by this~~
24 26 ~~section shall not be funded through an employee-paid~~
24 27 ~~health insurance policy.~~ The cost of ~~providing~~ the
24 28 hospital, nursing, and medical attention required by
24 29 this section shall be paid from moneys held in a trust
24 30 and agency fund established pursuant to section 384.6,
24 31 or out of the appropriation for the department to
24 32 which the injured person belongs or belonged; provided
24 33 that any amounts received by the injured person ~~under~~
24 34 ~~the workers' compensation law of the state, or from~~
24 35 any other source for such specific purposes, shall be
24 36 deducted from the amount paid by the city under the
24 37 provisions of this section.

24 38 DIVISION IV

24 39 JUDICIAL RETIREMENT SYSTEM

24 40 Sec. 43. Section 602.9104, subsection 1, paragraph
24 41 b, Code 2007, is amended to read as follows:

24 42 b. The state shall contribute annually to the
24 43 judicial retirement fund an amount equal to the
24 44 state's required contribution for all judges covered
24 45 under this article. ~~The state's required contribution~~
24 46 ~~shall be appropriated directly to the judicial~~
24 47 ~~retirement fund by the general assembly.~~

24 48 Sec. 44. Section 602.9104, subsection 4,
24 49 paragraphs b, c, and e, Code 2007, are amended to read
24 50 as follows:

25 1 b. "Fully funded status" means that the most
25 2 recent actuarial valuation reflects that, ~~using the~~
25 3 ~~projected unit credit method in accordance with~~
25 4 ~~generally recognized and accepted actuarial principles~~
25 5 ~~and practices set forth by the American academy of~~
25 6 ~~actuaries,~~ the funded status of the system is at least
25 7 ninety one hundred percent, based upon the benefits
25 8 provided for judges through the judicial retirement

25 9 system as of July 1, 2006.
25 10 c. "Judge's required contribution" means an amount
25 11 equal to the basic salary of the judge multiplied by
25 12 the following applicable percentage:

25 13 (1) For the fiscal year beginning July 1, 2008,
25 14 and ending June 30, 2009, seven and seven-tenths
25 15 percent.

25 16 (2) For the fiscal year beginning July 1, 2009,
25 17 and ending June 30, 2010, eight and seven-tenths
25 18 percent.

25 19 ~~(1)~~ (3) For the fiscal year beginning July 1,
25 20 ~~2006~~ 2010, and for each subsequent fiscal year until
25 21 the system attains fully funded status, ~~six percent~~
25 22 ~~multiplied by a fraction equal to the actual~~
25 23 ~~percentage rate contributed by the state for that~~
25 24 ~~fiscal year divided by twenty-three and seven-tenths~~
25 25 ~~percent nine and thirty-five hundredths percent.~~

25 26 ~~(2)~~ (4) Commencing with the first fiscal year in
25 27 which the system attains fully funded status, and for
25 28 each subsequent fiscal year, the percentage rate equal
25 29 to ~~fifty~~ forty percent of the required contribution
25 30 rate.

25 31 e. "State's required contribution" means an amount
25 32 equal to the basic salary of all judges covered under
25 33 this article multiplied by the following applicable
25 34 percentage:

25 35 (1) For the fiscal year beginning July 1, ~~2006~~
25 36 2008, and for each subsequent fiscal year until the
25 37 system attains fully funded status, ~~twenty-three and~~
25 38 ~~seven-tenths~~ thirty and six-tenths percent.

25 39 (2) Commencing with the first fiscal year in which
25 40 the system attains fully funded status, and for each
25 41 subsequent fiscal year, the percentage rate equal to
25 42 ~~fifty~~ sixty percent of the required contribution rate.

DIVISION V

MISCELLANEOUS PROVISIONS

25 45 Sec. 45. Section 8A.438, Code 2007, is amended by
25 46 striking the section and inserting in lieu thereof the
25 47 following:

25 48 8A.438 TAX-SHELTERED INVESTMENT CONTRACTS.

25 49 1. The director may establish a tax-sheltered
25 50 investment program for eligible employees. The
26 1 director may arrange for the provision of investment
26 2 vehicles authorized under section 403(b) of the
26 3 Internal Revenue Code, as defined in section 422.3.
26 4 The department may offer the tax-sheltered investment
26 5 program to eligible public employers in the state of
26 6 Iowa.

26 7 2. a. A special, separate tax-sheltered
26 8 investment revolving trust fund is created in the
26 9 state treasury under the control of the department.
26 10 The fund shall consist of all moneys deposited in the
26 11 fund pursuant to this section, any funds received from
26 12 other entities in the state of Iowa, and interest and
26 13 earnings thereon. The director is the trustee of the
26 14 fund and shall administer the fund. Any loss to the
26 15 fund shall be charged against the fund and the
26 16 director shall not be personally liable for such loss.
26 17 b. Moneys in the fund are not subject to section
26 18 8.33. Notwithstanding section 12C.7, subsection 2,
26 19 interest or earnings on moneys in the fund shall be
26 20 credited to the fund.

26 21 Sec. 46. Section 55.1, unnumbered paragraph 1,
26 22 Code 2007, is amended to read as follows:

26 23 A person who is elected to a municipal, county,
26 24 state, or federal office shall, upon written
26 25 application to the employer of that person, be granted
26 26 a leave of absence from regular employment to serve in
26 27 that office except where prohibited by the federal
26 28 law. The leave of absence may be granted without pay
26 29 ~~and, except that if a salaried employee takes leave~~
26 30 ~~without pay from regular employment for a portion of a~~
26 31 ~~pay period, the employee's salaried compensation for~~
26 32 ~~that pay period shall be reduced by the ratio of the~~
26 33 ~~number of days of leave taken to the total number of~~
26 34 ~~days in the pay period. The leave of absence shall be~~
26 35 granted without loss of net credited service and
26 36 benefits earned. This section shall not be construed
26 37 to require an employer to pay pension, health or other
26 38 benefits during the leave of absence to an employee
26 39 taking a leave of absence under this section.

26 40 Sec. 47. Section 97C.21, Code 2007, is amended to
26 41 read as follows:

26 42 97C.21 VOLUNTARY COVERAGE OF ELECTED OFFICIALS.

26 43 Notwithstanding any provision of this chapter to
26 44 the contrary, an employer of elected officials
26 45 otherwise excluded from the definition of employee as
26 46 provided in section 97C.2, may, but is not required
26 47 to, choose to provide benefits to those elected
26 48 officials as employees as provided by this chapter.
26 49 Alternatively, the governor may authorize a statewide
26 50 referendum of the appointed and elected officials of
27 1 the state and its political subdivisions on the
27 2 question of whether to include in or exclude from the
27 3 definition of employee all such positions. This
27 4 choice shall be reflected in the federal-state
27 5 agreement described in section 97C.3, and, if
27 6 necessary, in this chapter. An employer who is
27 7 providing benefits to elected officials otherwise
27 8 excluded from the definition of employee prior to July
27 9 1, 2002, shall not be deemed to be in an erroneous
27 10 reporting situation, and corrections for prior federal
27 11 social security withholdings shall not be required.
27 12 The implementation of this section shall be subject to
27 13 the approval of the federal social security
27 14 administration.

27 15 Sec. 48. Section 260C.14, subsection 9, Code 2007,
27 16 is amended by striking the subsection and inserting in
27 17 lieu thereof the following:

27 18 9. a. The board may establish a plan, in
27 19 accordance with section 403(b) of the Internal Revenue
27 20 Code, as defined in section 422.3, for employees,
27 21 which plan shall consist of one or more investment
27 22 contracts, on a group or individual basis, acquired
27 23 from a company, or a salesperson for that company,
27 24 that is authorized to do business in this state.

27 25 b. The selection of investment contracts to be
27 26 included within the plan established by the board
27 27 shall be made either pursuant to a competitive bidding
27 28 process conducted by the board, in coordination with
27 29 employee organizations representing employees eligible
27 30 to participate in the plan, or pursuant to an
27 31 agreement with the department of administrative
27 32 services to make available investment contracts
27 33 included in a deferred compensation or similar plan
27 34 established by the department pursuant to section
27 35 8A.438, which plan meets the requirements of this
27 36 subsection. The determination of whether to select
27 37 investment contracts for the plan pursuant to a
27 38 competitive bidding process or by agreement with the
27 39 department of administrative services shall be made by
27 40 agreement between the board and the employee
27 41 organizations representing employees eligible to
27 42 participate in the plan.

27 43 c. The board may make elective deferrals in
27 44 accordance with the plan as authorized by an eligible
27 45 employee for the purpose of making contributions to an
27 46 investment contract in the plan on behalf of the
27 47 employee. The deferrals shall be made in the manner
27 48 which will qualify contributions to the investment
27 49 contract for the benefits under section 403(b) of the
27 50 Internal Revenue Code, as defined in section 422.3.
28 1 In addition, the board may make nonelective employer
28 2 contributions to the plan.

28 3 d. As used in this subsection, unless the context
28 4 otherwise requires, "investment contract" shall mean a
28 5 custodial account utilizing mutual funds or an annuity
28 6 contract which meets the requirements of section
28 7 403(b) of the Internal Revenue Code, as defined in
28 8 section 422.3.

28 9 Sec. 49. Section 273.3, subsection 14, Code 2007,
28 10 is amended by striking the subsection and inserting in
28 11 lieu thereof the following:

28 12 14. a. The board may establish a plan, in
28 13 accordance with section 403(b) of the Internal Revenue
28 14 Code, as defined in section 422.3, for employees,
28 15 which plan shall consist of one or more investment
28 16 contracts, on a group or individual basis, acquired
28 17 from a company, or a salesperson for that company,
28 18 that is authorized to do business in this state.

28 19 b. The selection of investment contracts to be
28 20 included within the plan established by the board

28 21 shall be made either pursuant to a competitive bidding
28 22 process conducted by the board, in coordination with
28 23 employee organizations representing employees eligible
28 24 to participate in the plan, or pursuant to an
28 25 agreement with the department of administrative
28 26 services to make available investment contracts
28 27 included in a deferred compensation or similar plan
28 28 established by the department pursuant to section
28 29 8A.438, which plan meets the requirements of this
28 30 subsection. The determination of whether to select
28 31 investment contracts for the plan pursuant to a
28 32 competitive bidding process or by agreement with the
28 33 department of administrative services shall be made by
28 34 agreement between the board and the employee
28 35 organizations representing employees eligible to
28 36 participate in the plan.

28 37 c. The board may make elective deferrals in
28 38 accordance with the plan as authorized by an eligible
28 39 employee for the purpose of making contributions to
28 40 the investment contract on behalf of the employee.
28 41 The deferrals shall be made in the manner which will
28 42 qualify contributions to the investment contract for
28 43 the benefits under section 403(b) of the Internal
28 44 Revenue Code, as defined in section 422.3. In
28 45 addition, the board may make nonelective employer
28 46 contributions to the plan.

28 47 d. As used in this subsection, unless the context
28 48 otherwise requires, "investment contract" shall mean a
28 49 custodial account utilizing mutual funds or an annuity
28 50 contract which meets the requirements of section
29 1 403(b) of the Internal Revenue Code, as defined in
29 2 section 422.3.

29 3 Sec. 50. Section 294.16, Code 2007, is amended by
29 4 striking the section and inserting in lieu thereof the
29 5 following:

29 6 294.16 INVESTMENT CONTRACTS.

29 7 1. The school district may establish a plan, in
29 8 accordance with section 403(b) of the Internal Revenue
29 9 Code, as defined in section 422.3, for employees,
29 10 which plan shall consist of one or more investment
29 11 contracts, on a group or individual basis, acquired
29 12 from a company, or a salesperson for that company,
29 13 that is authorized to do business in this state.

29 14 2. The selection of investment contracts to be
29 15 included within the plan established by the school
29 16 district shall be made either pursuant to a
29 17 competitive bidding process conducted by the school
29 18 district, in coordination with employee organizations
29 19 representing employees eligible to participate in the
29 20 plan, or pursuant to an agreement with the department
29 21 of administrative services to make available
29 22 investment contracts included in a deferred
29 23 compensation or similar plan established by the
29 24 department pursuant to section 8A.438, which plan
29 25 meets the requirements of this section. The
29 26 determination of whether to select investment
29 27 contracts for the plan pursuant to a competitive
29 28 bidding process or by agreement with the department of
29 29 administrative services shall be made by agreement
29 30 between the school district and the employee
29 31 organizations representing employees eligible to
29 32 participate in the plan.

29 33 3. The school district may make elective deferrals
29 34 in accordance with the plan as authorized by an
29 35 eligible employee for the purpose of making
29 36 contributions to the investment contract on behalf of
29 37 the employee. The deferrals shall be made in the
29 38 manner which will qualify contributions to the
29 39 investment contract for the benefits under section
29 40 403(b) of the Internal Revenue Code, as defined in
29 41 section 422.3. In addition, the school district may
29 42 make nonelective employer contributions to the plan.

29 43 4. As used in this section, unless the context
29 44 otherwise requires, "investment contract" shall mean a
29 45 custodial account utilizing mutual funds or an annuity
29 46 contract which meets the requirements of section
29 47 403(b) of the Internal Revenue Code, as defined in
29 48 section 422.3.

29 49 Sec. 51. TRANSITION PROVISIONS == INTERNAL REVENUE
29 50 CODE SECTION 403(b) PLANS. Notwithstanding any
30 1 provision of law to the contrary, the investment

30 2 contracts to be included within a plan established
30 3 pursuant to section 260C.14, subsection 9, section
30 4 273.3, subsection 14, or section 294.16, for the
30 5 period beginning January 1, 2009, and ending December
30 6 31, 2009, shall be investment contracts selected by
30 7 the department of administrative services from among
30 8 the investment contracts included in a deferred
30 9 compensation or similar plan established by the
30 10 department of administrative services, which plan
30 11 meets the requirements of section 403(b) of the
30 12 Internal Revenue Code, as defined in section 422.3, or
30 13 shall be from no more than five companies authorized
30 14 to issue investment contracts as selected by the
30 15 applicable employer and from no more than three
30 16 companies authorized to issue investment contracts as
30 17 selected by, and in the sole discretion of, the
30 18 employee organizations representing the applicable
30 19 employer's employees. Selection of companies and
30 20 investment contracts for a plan shall be made in the
30 21 best interests of employees eligible to participate in
30 22 the plan. The determination of whether to select
30 23 investment contracts for the plan for the period
30 24 beginning January 1, 2009, and ending December 31,
30 25 2009, that are included in a deferred compensation or
30 26 similar plan established by the department of
30 27 administrative services or that are selected by the
30 28 applicable employer and the employee organizations
30 29 representing the applicable employer's employees,
30 30 shall be made by an agreement entered into by August
30 31 15, 2008, between the applicable employer and the
30 32 employee organizations representing the applicable
30 33 employer's employees eligible to participate in the
30 34 plan. Applicable employers shall have the authority
30 35 to take such action as deemed necessary to establish,
30 36 effective January 1, 2009, an eligible plan pursuant
30 37 to section 260C.14, subsection 9, section 273.3,
30 38 subsection 14, or section 294.16.

30 39 Sec. 52. DEPARTMENT OF ADMINISTRATIVE SERVICES ==
30 40 SELECTION OF INVESTMENT CONTRACT PROVIDERS FOR
30 41 INTERNAL REVENUE CODE SECTION 403(b) PLANS.

30 42 1. The department of administrative services shall
30 43 establish, by January 1, 2010, a plan, as authorized
30 44 pursuant to section 8A.438 and in accordance with
30 45 section 403(b) of the Internal Revenue Code, as
30 46 defined in section 422.3, for employees, which plan
30 47 shall consist of one or more investment contracts, on
30 48 a group or individual basis, acquired from a company,
30 49 or a salesperson for that company, that is authorized
30 50 to do business in this state, that is eligible to be
31 1 utilized as a vendor of investment contracts for plans
31 2 established pursuant to section 260C.14, subsection 9,
31 3 section 273.3, subsection 14, or section 294.16.

31 4 2. The department of administrative services shall
31 5 determine which vendors will be authorized to
31 6 participate under the tax-sheltered investment program
31 7 established by the department pursuant to section
31 8 8A.438. Employee organizations representing employees
31 9 and employers participating in the programs authorized
31 10 under sections 8A.433 and 8A.438 shall be allowed to
31 11 assist the department in this decision, specific only
31 12 to the initial competitive bid process that will
31 13 determine the vendors that will be in the program as
31 14 of January 1, 2010.

31 15 3. As used in this section, unless the context
31 16 otherwise requires, "investment contract" shall mean a
31 17 custodial account utilizing mutual funds or an annuity
31 18 contract which meets the requirements of section
31 19 403(b) of the Internal Revenue Code, as defined in
31 20 section 422.3.

31 21 Sec. 53. EFFECTIVE DATE.

31 22 1. The sections of this division of this Act
31 23 amending section 260C.14, subsection 9, section 273.3,
31 24 subsection 14, and section 294.16, take effect January
31 25 1, 2009.

31 26 2. The section of this division of this Act,
31 27 enacting transition provisions relating to plans
31 28 required to meet requirements for Internal Revenue
31 29 Code section 403(b) plans, being deemed of immediate
31 30 importance, takes effect upon enactment.>

31 31 #2. By renumbering as necessary.

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31 33
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31 35 BOAL of Polk
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31 39 JACOBS of Polk
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31 43 DRAKE of Pottawattamie
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31 45
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31 47 PETTENGILL of Benton
31 48 SF 2424.304 82
31 49 ec/sc/21333